

0004

**From:** Wayne Western  
**To:** Pam Grubaugh-Littig  
**Subject:** Willow Creek Bond

Pam, the Willow Creek reclamation cost increased over the years and currently stands at \$12,413,275. The current bond is for \$11,949,205 (bond not increased due to 5% rule.) When I adjusted the reclamation costs for inflation through 2006 I did not modify the indirect costs, I was going to make the adjustment to all bonds when I convert the format to Excel.

The new bond amount should be as follows:

Willow Creek Mine	\$5,986,000
Castle Gate Prep Plant	\$2,070,000
Gravel Canyon	\$611,000
Crandall Canyon	\$2,014,000
Total	\$10,681,000

\$10,681,000 bond amount in 2006 dollars

An alternative bond adjustment is

$\$12,413,275 * (1.0327^5) = \$12,413,275 * 1.174$

$\$12,413,275 * 1.174 = \$14,573,185$

\$14,573,185 bond amount in 2006 dollars

I decided on  
this method.  
PGL  
11/7/01

~~File #10071038~~  
~~Internal~~

## Willow Creek Mine Main Facilities

## Summary of Bond Estimate

## Demolition Costs

Number	Activity	Cost
	Demolition Facilities Area	\$3,014,185
	Subtotal Demolition Costs	\$3,014,185
	Earthwork	\$693,977
	Subtotal Rough Grading	\$693,977
	Revegetation	\$311,009
	Subtotal Revegetation	\$311,009
	Total Direct Costs	\$4,019,171
	Indirect Costs	
	Startup Cost @ 10% (mob/demob, permits, bond)	\$401,917
	Contingency @ 5%	\$200,959
	Engineering Fee @ 2.5%	\$100,479
	Main Office Expense 6.8%	\$273,304
	Project Management Fee @ 2.5%	\$100,479
	Total Indirect Costs	\$1,077,138
	Total Reclamation Costs	\$5,096,309
	Escalation to 2006 dollars	\$889,552
	Bond Amount	\$5,985,861
	Rounded to nearest \$1,000	\$5,986,000

Willow Creek Mine  
Castle Gate Prep Plant  
Summary of Bond Estimate

Demolition Costs

Number	Activity	Cost
	Earthwork	\$1,989,199
	Drainage	\$395,431
	Subtotal Demolition Costs	\$395,431

Total Direct Costs	\$1,390,030
--------------------	-------------

Indirect Costs	
Startup Cost @ 10%	
(mob/demob, permits, bond)	\$139,003
Contingency @ 5%	\$69,502
Engineering Fee @ 2.5%	\$34,751
Main Office Expense @ 6.8%	\$94,522
Project Management Fee 2.5%	\$34,751
Total Indirect Costs	\$372,529

Total Reclamation Costs	\$1,762,559
-------------------------	-------------

Escalation to 2006 dollars	\$307,652
----------------------------	-----------

Bond Amount	\$2,070,211
-------------	-------------

Rounded to nearest \$1,000	\$2,070,000
----------------------------	-------------

Willow Creek Mine  
Gravel Canyon  
Summary of Bond Estimate

## Demolition Costs

Number	Activity	Cost
	Demolition	
	Rock Retaining Wall	\$2,926
	Subtotal Demolition Costs	\$2,926
	Earthwork	
	Rough Grade - Excavation	\$357,794
	Rough Grade - Backfill	\$14,175
	Subtotal Rough Grading	\$371,969
	Drainage	
	Drainage	\$6,738
	Subtotal Drainage	\$6,738
	Revegetation	
	Revegetation	\$14,213
	Reseeding @ 100%	\$14,213
	Subtotal Revegetation	\$28,426
	Total Direct Costs	\$410,059
	Indirect Costs	
	Startup Cost @ 10% (mob/demob, permits, bond)	\$41,006
	Contingency @ 5%	\$20,503
	Engineering Fee @ 2.5%	\$10,251
	Main Office Expense @ 6.8%	\$27,884
	Project Management Fee @ 2.5%	\$10,251
	Total Indirect Costs	\$109,895
	Total Reclamation Costs	\$519,954
	Escalation to 2006 dollars	\$90,757
	Bond Amount	\$610,711
	Rounded to nearest \$1,000	\$611,000

Willow Creek Mine  
Crandall Canyon  
Summary of Bond Estimate

Demolition Costs

Number	Activity	Cost
	Demolition Facilities Area	\$682,761
	Subtotal Demolition Costs	\$682,761
	Revegetation	\$669,833
	Subtotal Revegetation	\$669,833
	Total Direct Costs	\$1,352,594
	Indirect Costs	
	Startup Cost @ 10%	
	(mob/demob, permits, bond)	\$135,259
	Contingency @ 5%	\$67,630
	Engineering Fee @ 2.5%	\$33,815
	Main Office Expense @ 6.8%	\$91,976
	Project Management Fee 2.5%	\$33,815
	Total Indirect Costs	\$362,495
	Total Reclamation Costs	\$1,715,089
	Escalation to 2006 dollars	\$299,366
	Bond Amount	\$2,014,455
	Rounded to nearest \$1,000	\$2,014,000